

1 DATE: October 24, 2008

2  
3 TIME: 12:12 PM

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5 WIRETAP: OVER [REDACTED]

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7 CALL FROM: RAJ RAJARATNAM [REDACTED]

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9 CALL TO: DAVID LAU [REDACTED]

10  
11 KEY: Unintelligible: UI  
12 Inaudible: IA  
13 Phonetic Spelling: PH  
14 Voice Overlap: //  
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17 DAVID LAU: Hey big guy.

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19 RAJ RAJARATNAM: Hey David, you called?

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21 DAVID LAU: Yeah, just to give me, give me a, find the pulse because we are  
22 quite shocked overseas and uh long bonds, I mean quite shocked  
23 in relative for the VAR...because VAR broke out, blew out and  
24 our positions are the same so I just want to find out what you guys  
25 are thinking.  
26

27 RAJ RAJARATNAM: Yeah, I mean, I think, ah we think that the US is um relatively the  
28 safe haven, right.  
29

30 DAVID LAU: Um.

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32 RAJ RAJARATNAM: Because all of these um emerging market ah countries, many of  
33 them have to reduce interest rates, which is bad for their  
34 currencies, right.  
35

36 DAVID LAU: Um um um.

37  
38 RAJ RAJARATNAM: And, I mean today for example there is a reasonable calmness in  
39 the market you know the market is only down 2-3%, right.  
40

41 DAVID LAU: Yeah, that's why I'm surprised. I thought it would go nuts.

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43 RAJ RAJARATNAM: Yeah I mean our risk here is ah hedge fund redemption risk, right

1 Citadel I hear is in trouble, you know and things like that but I  
2 think generally, not that I want to be long equities, but generally I  
3 think one trade in equities would be, you know, buy the Spiders  
4 and short the EEMs or something, you know.

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6 DAVID LAU: Hmm Hmm.

7  
8 RAJ RAJARATNAM: But it looks like here the most cyclical companies the Semi  
9 equipment companies, and the home builders are the ones that are  
10 leading the way out right.

11  
12 DAVID LAU: Right.

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14 RAJ RAJARATNAM: Um, now I, I heard yesterday from somebody who's on the Board  
15 of Goldman Sachs, that they are gonna lose \$2 per share. The  
16 Street has them making \$2.50.

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18 DAVID LAU: Really.

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20 RAJ RAJARATNAM: You know. Yeah. Now I can get that number, you know, one,  
21 they don't report until December, they, I think their quarter ends in  
22 November, but (UI) one more, but you know they have these huge  
23 marks in ICBC and all of that stuff right. That uh is getting  
24 absolutely clobbered. You know.

25  
26 DAVID LAU: Right.

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28 RAJ RAJARATNAM: So what he was telling me was that uh, Goldman, the quarter's  
29 pretty bad. They have zero revenues because their trading  
30 revenues are offset by asset losses, and to date they have lost \$2  
31 per share, they just announced a 10% cut and uh you know, the  
32 basic business is ok but uh you know this is uh tough for them. I  
33 don't think that's built into Goldman Sachs stock price. So if it  
34 gets to \$105, I'm gonna, it's \$99 now, it was at \$102. I was  
35 looking for \$105, I'm gonna whack it you know.

36  
37 DAVID LAU: (Laughs) Okay. Okay. Okay (UI)...

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39 RAJ RAJARATNAM: Okay, I don't think it makes sense to take longer term views right  
40 now. But anyway it must be late your time right?

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42 DAVID LAU: No. Still early. It's 12:00. (UI) [REDACTED] I sleep at 3. Don't worry,  
43 don't worry. I'm ok.

1  
2 RAJ RAJARATNAM: Alright. Okay. Take care, thanks bye.  
3  
4 DAVID LAU: Bye.  
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6 [END OF CALL]